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MEMORANDUM FOR: Chief, SRS/DDI

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SUBJECT: Comments on Memorandum by Mr. [REDACTED]  
25X1A9a [REDACTED] Subject, "Desirability of A More  
Complete Coverage of Economic Develop-  
ments in the Satellite Countries,"  
dated 4 June 1959

REFERENCE: Memorandum from Chief, SRS/DDI to  
AD/RR, dated 13 July 1959

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1. We have reviewed Mr. [REDACTED] memorandum and your elaboration, contained in the referenced memorandum of 13 July.

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2. Our contribution to this year's NIE 12-59 is now out and includes individual country annexes. We believe that this should allow Mr. [REDACTED] to bring his study up to date. Normally we plan to write such an analysis annually, but the lapse of eighteen months since our last contribution was due to a date slippage of an NIE.

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3. Mr. [REDACTED] proposes that we should write more frequent reports on the economies of the various Satellite countries, e.g., quarterly. The difficulty with implementing such a program is that the quality and quantity of quarterly economic announcements do not justify such a periodic analysis on our part. Further we question the implication about popular attitudes and economic development for such a short term relation. Unique events will, of course, affect attitudes immediately such as the wage revision in Czechoslovakia a few months ago. When such events are considered to be important, we cover them in a Current Support Memorandum or in an Intelligence Memorandum.

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dated 4 June 1959

4. We believe that the problem of economic competition 25X1A5a  
between the Soviet Bloc and the West, and the relative standard  
of living of the people, is significant primarily in a long run  
perspective. Our external research project at [REDACTED]  
city is designed to supply answers bearing directly on these  
questions -- what have the Communist regimes accomplished and  
at what cost in living standards compared with pre-war and  
earlier post-war years? I am enclosing a brief statement of  
25X1A5a our [REDACTED] project with the estimated completion dates for  
various phases of the analysis.

5. It would be most difficult to concentrate additional  
research resources on the study of the European Satellites.  
Our scheduled economic research program for FY 1960 contemplates  
spending 18 percent of programmed research time on the European  
Satellites, compared with 10 percent on Communist China. The  
last survey of professional personnel engaged in economic  
intelligence and related economic research on the Sino-Soviet  
Bloc showed that within the government there were 236 analysts  
working on the USSR, 105 on the Eastern European Satellites  
and 67 on Communist China and the Far Eastern Satellites. While  
this survey was of 1 January 1958, we believe that the relative  
ratios remain about the same. Admittedly, the question of the  
optimum geographic distribution of research effort in the final  
analysis is a matter of judgment. However, we believe that  
present balance is approximately correct.

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[REDACTED]  
OTTO E. GUTH  
Assistant Director  
Research and Reports

1 Encl.

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OCh/E/RR: [REDACTED] Jr/2763 (23 July 1959)

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